

## Message Text

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ACTION SS-25

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FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 497

INFO WHITE HOUSE WASHDC

C O N F I D E N T I A L SAIGON 14587

EXDIS

C O R R E C T E D C O P Y (ADDITION OF CAPTION EXDIS)

E.O. 11652: GDS

TAGS: EAID, MASS, VS

SUBJECT: FY 75 AID TO VIET-NAM

FOR UNDER SECRETARY MAW

WHITE HOUSE FOR NSC

1. I UNDERSTAND INFORMALLY THAT INTERDEPARTMENTAL MEETINGS ARE EITHER UNDER WAY OR HAVE ALREADY BEEN HELD DESIGNED TO FIRM UP RECOMMENDATIONS TO THE PRESIDENT ON THE POSITIONS WHICH SHOULD BE TAKEN ON THE FY-75 FOREIGN AID BILL.

2. ON THE ASSUMPTION THAT THE PRESIDENT'S PERSONAL REPRESENTATIVE TO THE PRESIDENT OF VIET-NAM HAS NOT ONLY A CRUCIAL INTEREST IN SUCH CONSIDERATIONS BUT MIGHT ALSO HAVE A USEFUL CONTRIBUTION TO MAKE TO SUCH CONSIDERATIONS, I SUBMIT THE FOLLOWING OBSERVATIONS.

3. ALTHOUGH I HAVE HAD A LONG EXPERIENCE IN THE CONGRESSIONAL PRESENTATIONS OF BOTH THE MILITARY AND ECONOMIC AID PROGRAMS, I AM NOT SUFFICIENTLY INFORMED ON THE OVERALL ISSUES TO BE ABLE TO KNOW WHETHER OR NOT IT WOULD BE BEST TACTICALLY TO GO FORWARD IN THE REMAINING FEW WEEKS OF THE SESSION, BUT I AM INCLINED TO DOUBT IT.

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4. HOWEVER, IF THE DECISION IS TO GO FORWARD NOW, I WOULD HOPE VERY MUCH THAT THE ECONOMIC AID BILL COULD BE PASSED WITH A VERY CONSIDERABLE INCREASE IN THE ECONOMIC AID LEVEL FOR VIET-NAM ALONE. DESPITE THE CONSIDERABLY INCREASED MILITARY PRESSURE; DESPITE THE LURID PRESS ACCOUNTS OF "MOUNTING WAVES OF DISSENT AND PROTEST" WHICH NOW APPEAR TO BE NOT ONLY NO THREAT TO THE STABILITY OF THE GOVERNMENT BUT RATHER HEALTHY MANIFESTATIONS OF AN INCREASINGLY EFFECTIVE DEMOCRATIC PROCESS IN A BASICALLY FREE AND OPEN SOCIETY, THE ECONOMY IS STABILIZING UNDER THE AUSTERITY MEASURES THE GVN HAS TAKEN. UNFORTUNATELY, IT HAS NOT BEEN EQUIVOCALLY NOTED IN WASHINGTON THAT THE PRICE LEVEL HAS REMAINED AT A BASICALLY CONSTANT LEVEL FOR THE PAST ELEVEN WEEKS.

5 THE CONCLUSION AND RECOMMENDATION I MADE IN MY OPENING STATEMENT BEFORE BOTH THE FOREIGN RELATIONS AND FOREIGN AFFAIRS COMMITTEES IN JULY AND AUGUST SEEM EVEN MORE SOUNDLY JUSTIFIED TODAY. IF DESIRED, I WILL BE GLAD TO AMPLIFY THEM TO THE CONGRESS. IT IS CERTAIN THAT THE AMOUNT OF \$750 MILLION RECOMMENDED BY THE SECRETARY FOR VIET-NAM ALONE WOULD RETURN ENORMOUS DIVIDENDS IN TERMS OF U.S. INTERESTS, AND WE SHOULD FIGHT VERY HARD NOT TO ACCEPT LESS THAN \$650 MILLION, EXCLUDING PL 480, AS FINALLY CONGRESSIONAL LEVEL FOR VIET-NAM ALONE. PERHAPS IT WOULD BE USEFUL TO REVIEW MY EXCHANGE WITH SENATOR CASE IN THE JULY 25TH HEARING RECORD. TODAY IT IS EVEN MORE CLEAR THAT THE ADDITIONAL INVESTMENT WILL VERY QUICKLY PERMIT RVN TO RESUME THE EXPORT OF RICE, PERHAPS NEXT YEAR, WITH ALL THE IMPLICATIONS THIS HAS NOT ONLY FOR THE RVN BUT FOR A FOOD-HUNGRY WORLD. YOU MAY GIVE MY ASSURANCES TO SENATOR CASE THAT THE REMOVAL OF THE CEILINGS WILL HELP, NOT IMPEDE, THE FLOW OF ECONOMIC AID INTO AGRICULTURAL INVESTMENT AND THE ADDITIONAL FUNDS WE TALKED ABOUT WOULD BE WISELY EXPENDED.

6. AS MUCH AS I WOULD WANT THE INCREASED ECONOMIC AID, I SUGGEST IT IS NOT THE FINAL OR EVEN THE SECOND PRIORITY. IT SEEMS VERY CLEAR TO ME THAT TO ACCEPT THE OVERALL COUNTRY ITEMIZED CEILINGS PRESENTLY CONTAINED IN THE SENATE BILL WILL SET A DISASTROUS PRECEDENT IN DENYING THE PRESIDENT THE TACTICAL FLEXIBILITY HE MUST HAVE IN THE NATIONAL INTEREST TO MEET CHANGING SITUATIONS.

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7. IN THE CASE OF VIET-NAM, IN VIEW OF THE CLEAR AND PRESENT DANGER OF AN ALL-OUT NVA/VC MILITARY OFFENSIVE DURING THE APPROACHING DRY SEASON, IT IS IMPERATIVE THAT THE OVERALL CEILING BE REMOVED OR RAISED TO A MINIMUM OF \$2 BILLION. OTHERWISE, SINCE OBVIOUS PRIORITIES FOR SURVIVAL MAY WELL REQUIRE THE ENTIRE AMOUNT OF THE PRESENT CEILING OF \$1.2 BILLION FOR MILITARY AID, THE MAINTENANCE OF THE CEILING MAY RESULT IN THE DENIAL OF

ANY ECONOMIC AID AT ALL.

8. THE REDUCTION IN THE MILITARY AID LEVEL HAS OBVIOUSLY WHETTED HANOI'S APPETITE FOR ANOTHER MILITARY ADVENTURE. THEREFORE WE SIMPLY MUST MAKE EVERY EFFORT TO CONTINUE THE DAV APPROPRIATION FOR ANOTHER YEAR AND REMOVE THE REQUIREMENT THAT MILITARY AID TO THE RVN RETURN TO MAP IN FY 76.

9. FIFTH, IF THE REQUIREMENTS IN THE TWO PRECEDING PARAGRAPHS CANNOT BE MET IT WOULD OBVIOUSLY BE VASTLY BETTER IN THE CASE OF VIET-NAM TO PROCEED UNDER A CONTINUING RESOLUTION UNTIL THEY CAN BE MET IN THE NEW CONGRESS.

10. I AM WELL AWARE THAT IN SITUATIONS SUCH AS THIS, THE BUREAUCRATIC REACTION TOO OFTEN IS TO BEGIN THE PROCESS OF SECOND-GUESSING THE CONGRESS AND THE PRINCIPALS ARE ADVISED TO COMPROMISE THE ACTUAL REQUESTS TO BE PUT BEFORE THE CONGRESS. THIS ALMOST ALWAYS HAS TURNED OUT TO HAVE BEEN A MISTAKE. OF COURSE, IT AVOIDS WORK FOR THE BUREAUCRATS WHO ARE RELIEVED FROM PREPARING THE MATERIALS WITH WHICH THE PRINCIPALS CAN DEFEND AND JUSTIFY THEIR REQUESTS. BUT THE NATIONAL INTERESTS ALWAYS SUFFER WHEN THE EXECUTIVE BRANCH FAILS IN THE FIRST INSTANCE TO PRESENT CLEARLY TO THE CONGRESS A COHERENT, CONSISTENT, AND COHESIVE PROGRAM. IN THE END, OF COURSE, COMPROMISES AND ADJUSTMENTS TAKE PLACE. THAT IS THE NATURE OF OUR SYSTEM, BUT THEY SHOULD COME ONLY AFTER WE HAVE CLEARLY AND HONESTLY PRESENTED TO THE CONGRESS THE FULL RANGE OF REQUIREMENTS NECESSARY TO ACHIEVE SPECIFIC POLICY OBJECTIVES.

11. TO DO LESS, I SUGGEST, ILL SERVES THE PRESIDENT. IT ALSO SEEMS TO ME THAT IT IS REALLY CONTEMPTUOUS OF THE CONGRESS IN DENYING IT THE OPPORTUNITY TO DEBATE THE ISSUES WITH FULL INFORMATION AND, THEREFORE, IN NO WAY TRULY SERVES THE NATIONAL CONFIDENTIAL

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INTERESTS. I VERY MUCH HOPE, THEREFORE, THAT WE WILL NOT DILUTE OR MODIFY THE COHERENT, PERFECTLY DEFENSIBLE PROGRAM THE SECRETARY HAS ALREADY PRESENTED TO THE CONGRESS. MARTIN

NOTE: EXDIS CAPTION ADDED PER S/S-O, MR. JOHNSON

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NNN

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